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ELIGIBILITY AND PAYMENTS
POLICY TRANSMITTAL

E&P PT 09-04
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| <input type="checkbox"/> TANF/CHAP | <input type="checkbox"/> Food Stamps | <input type="checkbox"/> MAABD |
| <input type="checkbox"/> Child Care | <input type="checkbox"/> Employment & Training | <input type="checkbox"/> I&R |
| <input type="checkbox"/> LIHEA | <input type="checkbox"/> NOMADS | <input type="checkbox"/> PDC |

TO: Sandee Wyand, Field Supervisor
Social Welfare Managers
Family Services Supervisors
Family Services Specialists

FROM: Gary Stagliano, Deputy Administrator, Program & Field Operations

SUBJECT: **FOOD STAMP BUDGETING FOR MEDICARE PRESCRIPTION DRUG
CARD HOLDERS**

The Food and Nutrition Service (FNS) has just issued guidance for the Food Stamp Program for recipients of the new Medicare Prescription Drug cards, which is effective October 1, 2004.

This policy transmittal provides basic information regarding the new prescription drug cards and budgeting policy for Food Stamp applicants/recipients who have been issued cards.

Individuals are eligible to receive Medicare Prescription Drug Cards beginning in June 2004 if:

- they are enrolled in Medicare Part A and/or Part B, and
- are not receiving out-patient prescription drugs through Medicaid.

All recipients of the prescription cards receive a discount on prescriptions. Since various drug companies issue the cards, there is no uniform card. However, all "Medicare Approved" cards will have the following logo on them. The policy in this transmittal applies **only** to cards with this logo.



Only one Medicare Approved card is allowed per individual.

In addition to discounts on purchases, those with limited income may receive a \$600 subsidy (in the form of a credit on their card) for 2004 and 2005. The cards do not indicate if the individual received the \$600 subsidy.

The following policy is effective **October 1, 2004** for new applicants and recertifications as they occur on an ongoing basis:

DEFINITIONS

Standard Medical Expense

All individuals with a "Medicare Approved" card are entitled to a standard medical expense of \$23 per month.

Subsidy Allowance

In addition to the Standard Medical expense deductions, individuals are deemed eligible for a yearly \$600 subsidy (which is a credit on their card) to help pay for prescriptions if:

- they are a cardholder, and
- have income at or below 135% of poverty based on marital status (for 2004, the total gross household monthly income must be no more than \$1,047 if the individual is single and \$1,404 if married).

The subsidy allowance is budgeted at \$50 per month over the 12-month certification period.

Cardholder

A cardholder is an individual whose status is verified. "Medicare Approved" cardholder status is verified either by copy of the card or client statement. Documentation requirements are met either with a photocopy of the card or CLOG entry, as appropriate.

Pre-Discount Prescription Cost

The original cost of the prescription prior to a Medicare Approved card discount deduction. Documentation requirements vary based on case circumstances, and is later discussed in this policy.

Enrollment/Annual Card Fees

The company issuing the card for enrollment or annual renewal may charge fees of up to \$30, based on their income. It is anticipated most individuals qualifying for Food Stamps would not have this fee assessed. The individual must provide verification of the fee, or the expense will not be allowed.

BUDGETING

First, determine if the individual is a cardholder. If not, current budgeting policy applies. In households with a combination of cardholder and non-cardholder members, apply the appropriate budgeting method to each individual.

If the individual is a cardholder, they **may choose** to claim actual prescription expenses prior to the discount being applied. The client must make the choice. Case managers **cannot** select the option on the client's behalf. However, the case manager may provide information on how the medical expense is calculated to assist the client in making their choice.

1. If the client elects **not to claim** pre-discount actual expenses, determine if the individual's monthly income is no more than 135% of poverty (based on marital status).
 - If in excess of 135% of poverty, budget \$23 standard medical expense, plus allowable out-of-pocket medical expenses. Prorate enrollment/annual card fees over the certification period.
 - If less than 135% of poverty, budget \$23 standard medical expense, plus \$50 subsidy allowance, plus allowable out-of-pocket medical expenses. Prorate enrollment/annual card fees over the certification period.

Determine if the household is entitled to a medical deduction and budget per A-774.3

2. If the client **elects to claim** pre-discount actual expenses, determine if they are ongoing.
 - If ONGOING, information on prior expenses available in the case file may be brought forward, unless the client provides updated information on actual prior expenses. Prorate enrollment/annual card fees over the certification period.
 - If NEW APPLICANT/RECIPIENT, can the client document actual prescription prior to the discounted price drug costs?

If YES, budget actual prescription costs, plus any other allowable out-of-pocket medical expenses. Prorate enrollment/annual card fees over the certification period.

If NO, multiply cardholder's current out-of-pocket prescription drug expenses by 1.25. Budget the resulting amount, plus allowable medical expenses other than prescriptions. Prorate enrollment/annual card fees over the certification period.

Determine if the household is entitled to a medical deduction and budget per A-774.3.

RESTORATION OF BENEFITS

FNS is requiring states to restore benefits if underpaid during implementation of this policy. The time frame for restoration would be actions that took place between June 1, 2004 and September 30, 2004. Underpayments for these months must be addressed as they are identified.

REPORTING REQUIREMENTS

Changes related to the Medicare approved drug discount card, like all changes regarding the medical expense deduction, are reportable only at certification, unless voluntarily reported by the household. If a client cancels their card during a certification period and does not report it, there will be no restoration of benefits if their actual expenses exceeded the medical expenses allowed under the “Medicare Approved” prescription discount drug card policy.

NOMADS

The medical expenses must be entered on the MEDX screen with the prescription code.

QUALITY CONTROL

FNS has directed there will be a 120-day hold-harmless period for quality control errors during implementation of this program.

If you have any questions regarding this memorandum, please contact Leah Lamborn, Program Specialist, at 775-684-0625.

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